Supplemental Revenue Assistance Payments (SURE) Program

Backgrounder

The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) creates the Agricultural Disaster Relief Trust Fund that finances five separate programs that comprehensively address agricultural disasters across the nation. The Supplemental Revenue Assistance Payments (SURE) program is one of the programs. The SURE program authorizes the Secretary of Agriculture to provide agricultural disaster assistance to producers who suffered qualifying crop production losses, crop quality losses, or both due to disaster(s), adverse weather, or other environmental conditions beginning with the 2008 crop year and ending with losses incurred on or before September 30, 2011. The inclusion of a permanent crop disaster program in the 2008 Farm Bill will be a change from the ad hoc crop disaster programs (ad hoc programs) that up until the 2008 Farm Bill had served as Congress's primary instrument to disburse crop disaster assistance.

With the addition of the SURE program, producers gain a tool to help manage revenue losses. More specifically, the SURE program helps mitigate the threats of lower-than-expected yields and prices by providing a revenue guarantee (SURE guarantee) for producers' total farming interest. The SURE program is tailored to work in combination with Federal crop insurance and the Noninsured Crop Disaster Assistance Program (NAP) to reduce producers' financial risk.

The American Recovery and Reinvestment Act of 2009 (ARRA) adds and amends provisions of the 2008 Farm Bill related to the SURE program for the 2008 crop year. ARRA increases the assistance for producers who suffered 2008 crop losses as well as provides an additional opportunity to participate in the SURE program through "buy-in" provisions.

To expedite the availability of the SURE program, the Farm Service Agency (FSA) will conduct the initial signup for the 2008 crop year under an interim process. The interim process makes certain simplifying assumptions about individual applications that will be revisited for each application when the SURE program is fully automated. Producers who file their SURE program applications under the interim process will likely have minor adjustments made to their program payment when the fully automated process is available. Producers who do not wish to file under the interim process can wait for the fully automated process to be made available.

I. Eligible Producers

In order to be eligible for the SURE program producers must meet all of the following criteria:

- produce in a disaster county or contiguous to a disaster county or suffer a 50 percent production loss,
- suffer a 10 percent production loss,
- satisfy the Risk Management Purchase Requirements (RMPR), and
- comply with other general eligibility requirements.

Disaster or contiguous to a disaster county or suffer a 50 percent production loss – In order for a producer's farm to be considered located in a disaster county, the producer must have an interest in a crop in a county, or a contiguous county, included in a natural disaster declaration by the Secretary of Agriculture for production losses. Producers with a farming interest in multiple counties must have an interest in a commercial crop located in a disaster or contiguous county. Crops a producer grows under contract for crop owners are not included in that producer's farm unless that producer has a share of the crop.

If a producer's farm is not located in a disaster county, that producer may still be eligible for the SURE program if actual production on their farm is 50 percent or less than normal production, as measured by overall revenue. The normal production on the farm is the sum of the expected revenue for each crop on the farm. The actual production on the farm is the sum of the value of the production produced adjusted for quality. The value of the production is based on the price election for an insured commodity and the NAP price for each non-insurable commodity.

10 percent production loss – In addition to primary counties receiving a Secretarial Disaster Declaration, including contiguous counties, or the 50 percent loss criteria, the producer must suffer at least a 10 percent production loss on at least one crop of economic significance in order to be eligible for the program. For a loss to be a qualifying loss, the loss in value must be attributable to a natural disaster. A significant crop contributes at least 5 percent of the expected revenue for a producer's whole farm. The qualifying loss does not have to occur in a disaster county.

RMPR– To meet the RMPR eligibility, producers must obtain at least catastrophic risk protection (CAT) level of crop insurance for all insurable crops and NAP coverage for all non-insurable crops where NAP coverage is offered. Producers have the option to exclude certain crops from the RMPR criteria under a "de minimis" exception. However, producers may only make this election for crops that are not of economic significance, as defined above, or for which the NAP fee exceeds 10 percent of the value of the NAP coverage. Producers seeking a de minimis exception to the RMPR will need to specify the crop as such at the time the producer files the application for the SURE program payment. The value of any crop that was granted a de minimis exception will not be included in calculating the SURE guarantee and the total farm revenue.

Exceptions to RMPR

Producers who are ineligible or otherwise barred from crop insurance programs because of past violations will also be ineligible for the SURE program. Other circumstances preventing a producer from obtaining risk management coverage may be addressed on a case-by-case basis, and the Secretary of Agriculture or designee may grant relief, thereby allowing the producer to be eligible for the SURE program even if crop insurance or NAP coverage was not timely purchased. For example, relief may be considered for a producer who made a late planting decision due to weather-related causes.

Buy-in

For crop year 2008, producers who did not obtain at least CAT level crop insurance or NAP coverage, were able to participate in the SURE program by paying a buy-in fee by September 16, 2008. ARRA extended the deadline date to pay the buy-in fee to May 18, 2009. As a condition of ARRA, producers who bought in after September 16, 2008, had to agree to obtain crop insurance or NAP coverage for the next year for which insurance is available for the crops to which the buy-in applied. The buy-in fees did not entitle producers to crop insurance or NAP coverage.

Socially disadvantaged, limited-resource farmers and ranchers, or beginning farmers and ranchers

Producers, who meet the definition of a socially disadvantaged farmer or rancher, limited resource farmer and rancher, or beginning farmer or rancher, do not have to meet the crop insurance or NAP purchase requirement and, therefore, are not required to pay the buy-in fee.

A socially disadvantaged farmer or rancher is a farmer or rancher who is a member of a socially disadvantaged group. For entity applicants, at least 50percent of the members of the entity must be socially disadvantaged. A socially disadvantaged group is a group whose members have been subject to racial or ethnic prejudice because of their identity as members of a group without regard to their individual qualities.

A limited resource farmer or rancher is a producer with direct or indirect gross farm sales not more than $100,000 in both of the previous 2 years (as adjusted for inflation using Price Paid by Farmer Index as compiled by the National Agricultural Statistics Service (NASS)); and total household income at or below the national poverty level for a family of 4, or less than 50 percent of county median household income in both of the previous 2 years (to be determined annually using Commerce Department Data). Limited resource producer status can be determined in an automated system using the online tool found at http://www.lrftool.sc.egov.usda.gov/tool.asp.

A beginning farmer or rancher is an individual or entity who has not operated a farm or ranch for more than 10 years and substantially participates in the operation. If the applicant is an entity, all members must be eligible beginning farmers or ranchers.

Note: For the SURE program, a farm means all crop acreage that is planted and intended to be planted for harvest for commercial sale or on-farm livestock feeding by the producer even if the farm is located in multiple counties. For aquaculture, a farm includes all the acreage used for all aquaculture species in all counties. For honey producers, all bees and beehives intended for commercial production by the participant in all counties.

II. Qualifying Losses

Eligible causes of loss are disasters which cause types of losses where the crop could not be planted or where crop production was adversely affected in quantity, quality or both. A qualifying loss must be the result of a natural disaster. For the SURE program, disasters include damaging weather, including drought, excessive moisture, hail, freeze, tornado, hurricane, typhoon, excessive wind, excessive heat, weather-related saltwater intrusion, weather-related irrigation water rationing, or any combination of the above as well as other adverse natural occurrences such as earthquakes or volcanic eruptions. Disasters include related conditions that occur as a result of the weather or adverse natural occurrence and exacerbate the condition of the crop, such as disease or insect infestation.

Any losses that are a result of the following will not be considered a qualifying loss:

- The cause of loss was not the result of a disaster.
- The cause of loss was due to poor management decisions or poor farming practices, as determined by the FSA county committee on a case-by-case basis.
- The cause of loss was due to failure of the producer to re-seed or replant to the same crop in the county where it is customary to re-seed or replant after a loss before the final planting date.
- The cause of loss was due to water contained or released by any governmental, public, or private dam or reservoir project if an easement exists on the acreage affected by the containment or release of the water.
- The cause of loss was due to conditions occurring outside of the applicable crop year growing season.
- The cause of loss was due to a brownout. A brownout is defined as a disruption of electrical or other similar power source for whatever reason.

The following types of loss, regardless of whether they were the result of a disaster, are not qualifying losses:

- Losses to crops not intended for harvest in the applicable crop year.
- Losses of by-products resulting from processing or harvesting a crop, such as, but not limited to, cotton seed, peanut shells, wheat or oat straw, or corn stalks or stovers.
- Losses to home gardens; or to a crop subject to a de minimis election. A de minimis election exempts a crop from the RMPR.
- Losses of crops that were grazed or, if prevented from being planted, had the intended use of grazing.
- Losses of first year seedlings for forage production or immature fruit crops.

The following losses of ornamental nursery stock are not a qualifying loss:

- Losses caused by a failure of power supply or brownout.
- Losses caused by the inability to market nursery stock as a result of quarantine, boycott, or refusal of a buyer to accept production.
- Losses caused by fires that are not the result of disaster.
- Losses affecting crops where weeds and other forms of undergrowth in the vicinity of nursery stock have not been controlled.

- Losses caused by the collapse or failure of buildings or structures.

The following losses for honey, where the honey production by colonies or bees was diminished, are not a qualifying loss:

- Losses caused by the unavailability of equipment or the collapse or failure of equipment or apparatus used in the honey operation.
- Losses caused by improper storage of honey.
- Losses caused by bee feeding.
- Losses caused by the application of chemicals.
- Losses caused by theft or fire not caused by a natural condition including, but not limited to, arson or vandalism.
- Losses caused by the movement of bees by the participant or any other legal entity or person.
- Losses caused by disease or pest infestation of the colonies, unless approved by the Secretary.
- Losses of income from pollinators.

III. Eligible Crops

Eligible crops include the initial planting of Federal Crop Insurance Corporation (FCIC) insured crops and crops covered by NAP, excluding acreage intended for grazing. Subsequently planted crops are eligible for areas in which multiple-cropping is a normal practice. Crops that are not grown commercially are not eligible for the SURE program payments. An example of a non-commercial crop is one produced in a home garden. Producers may not receive payments for losses of volunteer stands of crops.

All crops for which a policy or plan of crop insurance or NAP coverage is available are eligible for production quantity losses. Most crops are also eligible for quality losses, except for aquaculture, floriculture, mushrooms, ginseng root, ornamental nursery, Christmas trees, turfgrass sod, honey, and maple sap.

IV. Calculating Payments

Eligible producers will receive payments in the amount of 60 percent of the difference between the SURE Guarantee and the Total Farm Revenue.

SURE Guarantee

The SURE guarantee for the farm is the sum of the individual insured and NAP covered eligible crop guarantees. The guarantee for an insured-crop and NAP-crop is calculated differently. The SURE guarantee for the farm may not exceed 90 percent of the farm's expected revenue.

> **Insured Crops –** The SURE guarantee for insured crops is calculated as the product of: the number of planted or prevented planted acres, the higher of the weighted adjusted actual production history (APH) yield or the weighted counter cyclical (CC) yield, the coverage level, the crop insurance price, producer price election percentage, 115 percent. The guarantee will be affected by adjustments such as prevented planting factors that are built into insurance coverage.
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> **Noninsured Crops –** The SURE guarantee for NAP crops is calculated as the product of: the number of planted or prevented planted acres, the higher of the weighted adjusted approved yield or the CC yield, 50 percent (the NAP coverage level), the NAP price, 120 percent. The guarantee will be affected by adjustments such as late planting factors that are built into NAP coverage.

The SURE guarantee will be calculated without the comparison between APH and CC yields in the interim process for delivering the SURE program. Any adjustments to payment due to this comparison will be made once the fully automated process is available.

The adjustment to APH referred to in the preceding paragraphs is the removal of some or all derived or "plug" yields included in APH. For commodities where the APH is based on 4 or more years of production data, all plug yields will be removed. For commodities where APH is based on less than 4 years of production data, the lowest plug yield will be removed. In the interim process, the actual APH yield for non-insured crops will be used without adjustments. Adjustments will be computed to NAP crop yields once software is available to fully automate the SURE program process.

SURE guarantee (miscellaneous information)
If a farm has a crop that has both FSA and the Risk Management Agency (RMA) acreage for insured crops, payment acres for the SURE guarantee will be based on acres for which an indemnity was received if RMA acres do not differ from FSA acres by more than 5 percent, not to exceed 50 acres. If the difference in FSA and RMA acres is more than 5 percent or more than 50 acres, then the SURE guarantee will be calculated using RMA data. For the interim process, RMA acres will not be automatically reconciled with FSA acres; however, final SURE software will conduct this reconciliation.

The inclusion of the crop insurance coverage level in the guarantee encourages a producer who normally buys lower levels of coverage, such as CAT coverage, to buy higher coverage levels.

If a producer's policy or plan of insurance provides for an adjustment in the liability, such as the case of prevented or late planting, that adjustment will be used in calculating the guarantee.

If a producer's NAP coverage provides for an adjustment in the level of assistance, such as for unharvested crops or prevented or late planting, that adjustment will be used in calculating the guarantee.

If the farm is in an approved multiple cropping area and multiple crops suffer losses, multiple crops may be eligible for disaster assistance if appropriate documentation is provided.

Equitable treatment will be provided for non-yield based crop insurance policies. For RMA "pilot" insured crops, either pilot or NAP coverage would meet the RMPR.

SURE guarantee (exemptions to RMPR)
If a producer is exempt from the risk management purchase requirement, FSA will use proxy values in place of actual insurance or NAP data when calculating the SURE guarantee. The producer's crop yield will be 65 percent of the higher of the weighted CC yield or county expected yield. The SURE guarantee will be based on the minimum level of coverage available, which is generally CAT coverage for insurable crops or the standard NAP level of coverage for non-insurable crops.

SURE guarantee (non-yield based policies such as value loss crops)
Production methods and risk management of value loss crops, such as nursery and aquaculture, are significantly different than yield-based crops. Yield-based crops are harvested and marketed in a single crop, whereas the inventory of value loss crops fluctuates for various reasons throughout the year. Because of the unique and sometimes complicated nature of value loss crops, the SURE guarantee will be based on the inventory immediately before a disaster event, and the farm revenue will be based on the inventory immediately after a disaster event.

Note: The SURE guarantee for the farm may not exceed 90 percent of the farm's expected revenue. The farm expected revenue is the sum of the individual insured and NAP covered crop expected revenues across all of a producer's acres planted and intended to be planted for harvest. The expected revenue for each insured crop equals the product obtained by multiplying the greater of a producer's adjusted APH yield or CC yield by the number of acres planted and intended to be planted for harvest and then by the crop insurance price. The expected revenue for each NAP covered crop equals the product obtained by multiplying the greater of a producer's adjusted APH yield or CC yield by the number of acres planted and intended to be planted for harvest and then by the NAP price. For the interim SURE process, the APH yield will be used without comparison to the

CC yield. The comparison will be made once software is available to fully automate the full SURE program process.

Total Farm Revenue

The total farm revenue is the sum of the estimated values for individual insured and NAP covered eligible crops across all of a the producer's eligible acres planted and intended to be planted for harvest, plus government payments from commodity and disaster-related programs. The insured-crop and NAP-crop actual revenue equation is as follows:

Production[1] * National Average Market Price[2] + Program Payments[3]

1. Production = Quantity of the commodity produced.
2. National Average Market Price = National average price received for the marketing year, adjusted for quality if applicable.
3. Program Payments
   - 15 percent of direct payments.
   - 100 percent of counter-cyclical payments.
   - 100 percent of Average Crop Revenue Election (ACRE) payments.
   - 100 percent of Marketing Loan Gains (MLGs) and Loan Deficiency Payments (LDPs).
   - 100 percent of crop insurance indemnities and settlements less producer-paid premium calculated on a crop unit basis and limited to a minimum value of zero.
   - 100 percent of NAP payments and settlements.
   - 100 percent of any other natural disaster assistance payments for the same loss.

The revenue from all crops on the farm will be added together to calculate total farm revenue, even if the farm has acreage in multiple counties.

For producers granted a waiver of RMPR or who bought in after September 16, 2008, FSA will determine an amount to be included in the producer's revenue calculation in place of an actual indemnity payment. This amount will be based on the indemnity the producer would have received if NAP or crop insurance had been purchased for commodities included on the farm.

National Average Market Price

The National Average Market Price (NAMP) is a component in the total farm revenue determined by FSA's Deputy Administrator for Farm Programs (DAFP) utilizing the best sources available, which may include but is not limited to the NASS, Cooperative Extension Service, Agricultural Marketing Service, etc. For several crops, the NAMP will be derived using data from NASS and will consist of only one nationwide NAMP for the crop. With respect to crops for which an eligible producer receives assistance under NAP, the NAMP will not be more than 100 percent of the NAP price. NAMP may be adjusted to reflect regional variations in a manner consistent with the conduct of crop insurance or NAP.

Adjustments to the NAMP may be made to reflect loss of quality due to a reduction in the intrinsic characteristics of the production resulting from adverse weather and to account for loss of value due to excess moisture resulting from a disaster related condition.

V. 2008 Payments - ARRA Modifications

The ARRA allows producers to receive additional assistance by changing the guarantee calculations for the 2008 crop year. The effect of ARRA varies according to the following crop classifications: 1) insurable crops that became eligible for the SURE program during the first or second buy-in, and crops with insurance policies providing less than 70 percent yield coverage and 100 percent price coverage; 2) crops with insurance policies providing at least 70 percent yield coverage and 100 percent price coverage; and 3) non-insurable crops.

1) Insurable crops that became eligible for the SURE program during the first or second buy-in and crops with insurance policies providing less than 70 percent yield coverage and 100 percent price coverage.

   The SURE guarantee will be the producer's total number of planted and intended to be planted acres times the higher of the adjusted APH yield or CC yield times 70 percent yield coverage times 100 percent of the crop insurance price times 115 percent.

2) Crops with insurance policies providing at least 70 percent yield coverage and 100 percent price coverage.

   The SURE guarantee will be the producer's total number of planted and intended to be planted acres times the higher of the adjusted APH yield or CC yield times the elected yield coverage times the crop insurance price times the elected crop insurance price percentage times 120 percent.

3) Non-insurable crops.

   The program guarantee will be the producer's total number of planted and intended to be planted acres times the higher of the adjusted NAP yield or CC yield times 70 percent yield coverage times 100 percent of the NAP price times 120 percent.

VI. SURE Payment Examples

The following SURE payment examples illustrate the effects of ARRA. In both the first and second examples, a producer has purchased a 60/100 crop insurance policy, meaning it covers 60 percent of the farm's APH yield at 100 percent of the crop insurance price. In the first example, the effects of ARRA are not included in the SURE payment calculation, thus the producer's 60/100 policy is treated as a 60/100 policy and the producer receives a SURE payment of $4,992. In the second example the effects of ARRA are included in the SURE calculation and for the purpose of calculating the SURE payment, the producer's 60/100 crop insurance policy is considered a 70/100 policy and the producer receives a SURE payment of $10,581. As a result of ARRA, the producer's SURE payment is increased by $5,589 ($10,581 minus $4,992).

First Example

Pre-ARRA SURE Payment Example for 2008 Crop Year
Assumes Only 1 Crop (Corn) is Raised on the Farm

SURE Guarantee		
Crop: Corn	Program Guarantee	Expected Revenue
Planted and Prevented Planted Acres for Harvest	100	100
Higher of: Adjusted APH or Counter-cyclical Yield	x 150 bu	x 150 bu
Statutory Factor	x 115%	x 90%
Insurance Price	x $5.40/bu	x $5.40/bu
Insurance Price Election	x 100%	
Insurance Yield Election	x 60%	
SURE Guarantee is Lower of:	$55,890	$72,900

Farm Revenue	
Crop: Corn	
Harvested Acres	100
Harvested Yield	120
National Average Market Price	x $4.06/bu
15% of Direct Payment	+ $350
Counter-cyclical Payment	+ $0
Marketing Loan Benefit	+ $0
ACRE Payment	+ $0
Insurance Indemnity	+ $0
Insurance Premium	- $1,500
Farm Revenue	$47,570

Statutory Factor		(SURE Guarantee	-	Farm Revenue)	=	SURE Payment
60%	x	($55,890	-	$47,570)	=	$4,992

Second Example

Post-ARRA SURE Payment Example for 2008 Crop Year
Assumes Only 1 Crop (Corn) is Raised on the Farm

SURE Guarantee		
Crop: Corn	Program Guarantee	Expected Revenue
Planted and Prevented Planted Acres for Harvest	100	100
Higher of: Adjusted APH or Counter-cyclical Yield	x 150 bu	x 150 bu
Statutory Factor	x 115%	x 90%
Insurance Price	x $5.40/bu	x $5.40/bu
Insurance Price (ARRA)	x 100%	
Insurance Yield (ARRA)	x 70%	
SURE Guarantee is Lower of:	$65,205	$72,900

Farm Revenue	
Crop: Corn	
Harvested Acres	100
Harvested Yield	120
National Average Market Price	x $4.06/bu
15% of Direct Payment	+ $350
Counter-cyclical Payment	+ $0
Marketing Loan Benefit	+ $0
ACRE Payment	+ $0
Insurance Indemnity	+ $0
Insurance Premium	- $1,500
Farm Revenue	$47,570

Statutory Factor			(SURE Guarantee		Farm Revenue)			SURE Payment
60%	x	(	$65,205	-	$47,570	)	=	$10,581

SURE payment	equals	60% times	(SURE Guarantee	minus	Total Farm Revenue)

SURE Guarantee equals the lesser of Program Guarantee or Expected Revenue

Program Guarantee				
for 2008 Insurable Crops:[2] A	B	for 2009-11 Insurable Crops	for 2008 Noninsurable Crops	for 2009-11 Noninsurable Crops
equals				
Payment Acres (adjusted for prevented planting and late planting factors)				
times				
Higher of Weighted: Adjusted Yield[3] or Counter-Cyclical Yield[4]				
times				
70%	Percent of Yield Elected by Insured	Percent of Yield Elected by Insured[5]	70%	50%
times				
100% of Crop Insurance Price	Percentage of Crop Insurance Price Elected by Insured	Percentage of Crop Insurance Price Elected by Insured[6]	100% of NAP Price	
times				
115%	120%	115%	125%[8]	120%

Expected Revenue	
for Insurable Crops	for NonInsurable Crops
equals 90% times the sum of	
Payment Acres	
times	
Higher of Weighted: Adjusted Yield[3] or Counter-Cyclical Yield[4]	
times	
100% of Crop Insurance Price	100% of NAP Price

Farm Revenue
Value for All Crops
equals
Harvested and Appraised Production for each crop
times
National Average Market Price[7] (adjusted for quality at local level) for each crop
plus
15% of direct payment; 100% of marketing loan gain, loan deficiency payments, counter-cyclical payments, average crop revenue election program payments, indemnities and NAP payments; any salvage value; and any other Federal disaster payments

[1] This flowchart shows generally applicable provisions for yield based crops. Crop by crop calculations will be summed for the farm.

[2] For 2008, timely insured crops will receive assistance based on higher of A or B.
For 2008, "waived" crops will receive assistance based on A. ("Waived" crops are those crops for which the eligible participant received a waiver.)

[3] Formula for Adjusted Yield:
If producer has at least 4 years of non-plug yields, then average all non-plug yields (replacement yields).
Less than 4 years of non-plug yields, then average all yields after dropping lowest plug yield.

[4] 65% of county or counter-cyclical yield for "waived" crops.

[5] 50% for "waived" crops.

[6] 55% for "waived" crops.

[7] Not to exceed 100% of NAP price for noninsurable crops.

[8] The percent was revised per ARRA.

VII. Producer Responsibility

In general, if a farm has a crop that has both FSA and RMA acreage for insured crops, payment acres for the SURE guarantee will be based on acres for which an indemnity was received if RMA acres do not differ from FSA acres by more than 5 percent, not to exceed 50 acres. For the interim process, RMA acres will not be automatically reconciled with FSA acres, but full SURE software will enforce this reconciliation.

FSA uses RMA records for insured crops and NAP records for NAP crops where available and determined to be accurate.

If RMA or NAP records are not available, the FSA county committee determines RMA or NAP records are inaccurate or incomplete, or the FSA county committee makes inquiry, producers must supply verifiable and reliable production records to substantiate production to the FSA county committee. Participants are then responsible for:

- retaining or providing the best verifiable and reliable production records available for the commodities;
- summarizing all the production evidence;
- accounting for the total amount of production for the commodities, whether or not records reflect this production;
- providing the information in a manner that can be easily understood by the FSA county committee; and

- providing supporting documentation if the FSA county committee questions that all production has been accounted for.

For eligible crops that were sold or otherwise disposed of through commercial channels, production records include: commercial receipts, settlement sheets, warehouse ledger sheets, load summaries, and appraisal information from a loss adjuster acceptable to FSA. If the eligible crop was farm-stored, sold, fed to livestock or disposed of by means other than commercial channels, production records for these purposes include: truck scale tickets, appraisal information for a loss adjuster acceptable to FSA, contemporaneous diaries, or other documentary evidence, such as contemporaneous measurements.

Determining Production

The SURE program includes all eligible harvested production and non-harvested appraised production on a farm. The FSA county committee will assign production for the farm when it determines that:

- the producer failed to provide adequate and acceptable production records; or
- other appropriate causes exist for such assignments as determined by the FSA's DAFP.

VIII. Payment Limitations

The total payments received from the five supplemental agricultural disaster assistance programs added together, excluding payments made under the Tree Assistance Program (TAP), which has a separate $100,000 payment limitation may not exceed $100,000 per crop year, as defined in 7 CFR part 1400. The five supplemental agricultural disaster assistance programs include the SURE program, Livestock Indemnity Program (LIP), Livestock Forage Disaster Program (LFP), Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP), and TAP.

The regulations in 7 CFR 1400.105 specify how payments will be attributed and the level of attribution. Attribution will be tracked through four levels of ownership in legal entities. Beginning with the 2009 crop year, the three-entity rule will be removed.

Income Limitations

For the 2008 crop year, a person or legal entity is not eligible to receive disaster assistance payments if their average adjusted gross income (AGI) for 2005, 2006, and 2007 exceeds $2.5 million.

Example: A person with AGI of $2 million for 2005, $3 million for 2006, and $4 million for 2007 would have an average AGI of $3 million for 2005-2007 and would not be eligible for a SURE program payment for the 2008 crop year.

For each of the 2009-2011 crop years, a natural person or legal entity, excluding a joint venture or general partnership, is not eligible to receive disaster assistance payments if their average adjusted gross nonfarm income for the preceding three year period exceeds $500,000, as defined in 7 CFR 1400.3. The difference between AGI and adjusted gross farm income is the adjusted gross nonfarm income. The preceding three year period is 2005-2007 for the 2009 crop year, 2006-2008 for the 2010 crop year, and 2007-2009 for the 2011 crop year.

Example: A "natural person" with nonfarm AGI of $300,000 for 2005, $400,000 for 2006, and $500,000 for 2007 would have an average nonfarm AGI of $400,000 for 2005-2007 and would be eligible for a SURE program payment for the 2009 crop year.

IX. Interim SURE Program

In order to expedite availability of the SURE program, FSA is taking applications and making payments under interim procedures. The interim process will be implemented with a number of information technology tools, but not all the SURE program rules could be incorporated into these tools. Software to fully implement all the SURE program rules is currently under development, and when it is available, all applications taken under the interim process will be reprocessed and adjustments may be made to interim payments.

The fully automated process will allow for the adjustment of NAP APH values; however, the interim process will use the unadjusted values for calculating the SURE program guarantee and expected revenue for uninsurable crops.

For the interim process, FSA will use APH yield data for calculating the SURE program guarantee and expected revenue without comparison to the CC yield. The fully automated SURE process will make this comparison.

For More Information

Further information on this and other FSA programs is available from local FSA offices or on FSA's Web site at: http://www.fsa.usda.gov.
